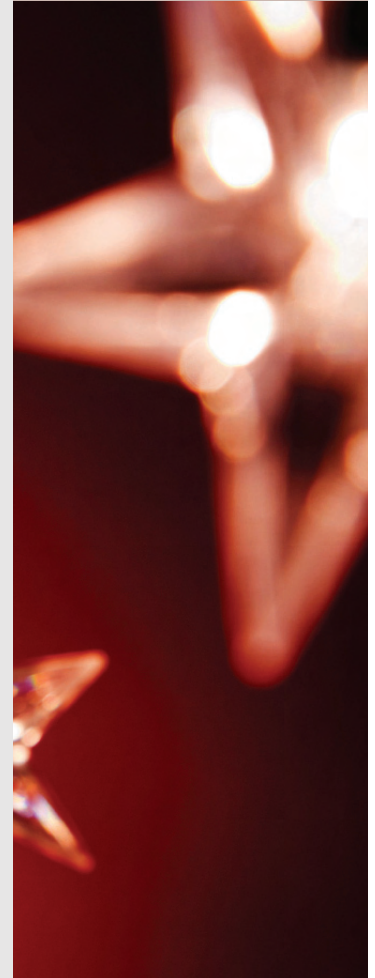


U.S. COMMERCIAL SERVICE UPDATE

DECEMBER 2006
ISSUE

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DIRECTOR GENERAL



Welcome to the *U.S Commercial Service Update*. As we begin a new fiscal year and end a calendar year, I wanted to send a note of thanks. Thank you for all that you do. You are on the front lines, finding solutions and getting things done all throughout the world. Your efforts generate stronger partnerships and better opportunities; and ultimately, it ensures greater economic stability at home and abroad.

When I was sworn in I said, “The world pays little attention to your past contribution and pays great attention to what you have to offer now and in the future. The new world rewards those who are open to it. My goal is not to argue for globalization, but to help prepare this organization for the challenges and opportunities of the 21st century, so that we can continue to serve as the most relevant, primary point of contact for international opportunities, for growth and prosperity.” And we are doing that.

The Commercial Service is building on its good reputation. As you continue to work in offices throughout the United States and around the world, we continue to communicate to Secretary Gutierrez the results you produce - and they are impressive! We have strengthened our ties with other agencies. For example, the Office of Management and Budget (OMB) recently provided very positive feedback regarding our services and was interested in hearing our approach. We are deepening our relationship with the U.S. Congress with both House and Senate Members and continue to remind them of the critically important role of the Commercial Service. Moving forward, we will continue to work with you to expand on the great reputation you have built and to ensure an effective and productive structure for success.

In addition to the information included in this edition of the newsletter, there are a few efforts that I would like to mention. I just returned from a very successful Business Development Mission, led by Secretary Gutierrez, to Beijing and Shanghai, China. The Mission, which took place from November 13-17, highlighted export opportunities for U.S. business by helping the participants develop business and government contacts, solidify business strategies, and obtain market access information.

A large part of the success of the China trip was driven by the efforts in OIO and many other members of the CS team. Thank you to all who were involved. The Commercial Service has extended its presence in China through 14 American Trading Centers (ATCs, called International Partner Network/IPN in China). The ATCs are linked to the resources of the China Council for the Promotion of International Trade (CCPIT), whose mission is to promote the development of economic and trade relations between China and other countries and regions around the world. Through the ATCs, we are able to help U.S. companies tap into export markets in second-tier but dynamic and very large commercial centers in China.

(Continued)

DIRECTOR GENERAL




A quick update on the implementation of the Balanced Scorecard (BSC). The BSC continues to make swift progress this month as we roll out two initiatives linked to key BSC strategic objectives. We will expand the Commercial Diplomacy pilot project as part of our effort to deepen stakeholder understanding of Commercial Service benefits, and we are launching an Innovation Incubator to help strengthen our culture of innovation and risk-taking and enhance our ability to develop customized solutions. You can read more about these initiatives in the Balanced Scorecard section of this newsletter.

I would be remiss if I did not thank all the managers and employees who have worked diligently to implement the first end of year evaluation process for the new five-level performance system.

And last but not least, it is an honor to be associated with the Commercial Service. I appreciate the time and attention you and your colleagues have given me throughout my travels and the passion and commitment to your job. On behalf of the Senior Staff here in Washington, D.C., best wishes to you and your family as we approach a new year!

Have a wonderful holiday season and warmest regards,

A handwritten signature in black ink that reads "Daniel Hernandez". The signature is written in a cursive style with a large, stylized "D" and "H".



Your understanding of your local clients and their unique needs is critical to improving our services. You understand the unique attitudes and behaviors about your clients' international strategies.

Commercial Service Launches Market Segmentation Initiative

The Commercial Service Market Segmentation Initiative Team formally started work on October 25 with a kick off meeting in Washington, DC. Led by CS, the project team consists of representatives from the U.S. Department of Commerce Manufacturing Extension Partnership, the Census Bureau, and the Export-Import Bank. The CS component of the team is comprised of members from OIO, ODO (both field and HQ), and OSP. The 25-member team worked through project details and was introduced to Pacific Consulting Group, the California based market research firm with whom the Commercial Service (CS) has contracted to support this effort.

Share Your Knowledge of the Marketplace With Us

Your understanding of your local clients and their unique needs is critical to improving our services. You understand the unique attitudes and behaviors about your clients' international strategies. More importantly, you understand their perceptions about the value of working with service providers such as CS. Unfortunately, much of the knowledge amassed about CS clients remains untapped. Our goal is to access, share, and expand upon the knowledge in the field as well as learn about the attitudes and behaviors of companies that should be our clients, but are not.

Adapting to Our Fast Moving Clients

Now more than ever, companies have options—the Internet, various international trade organizations, and other valuable service providers. The question remains: How do we remain relevant to this fluid marketplace? To answer this question, CS launched

a series of initiatives including Balanced Scorecard, Product Enhancement / Revenue Generation, and Partnerships. All of these efforts are questioning the way we do business, internally and externally. To be successful these efforts must be customer focused and coordinated. That's where market segmentation comes in.

Market Segmentation: A Strategy for Dividing and Conquering the Market

Simply put, market segmentation is a systematic approach, based on qualitative and quantitative research, for identifying and serving groups of like-minded customers. The purpose is to help CS generate the greatest return on investment. The CS market segmentation effort will build the knowledge necessary to make statistically valid determinations and characterizations about exporters and their needs. Examples include: What are their attitudes about exporting to specific markets? What are their attitudes about working with service providers, specifically government entities? What are their hurdles to becoming strategic, repeat exporters? The answers to these sorts of questions will inform our decision making about CS capacity, revenue generation, service delivery and refinements, pricing, distribution, and promotional strategies.

Help Shape the Market Segmentation Effort

The Market Segmentation Initiative Team is reaching out to the field to learn your perspectives on the business issues this research should address. We want to hear from you about your clients and how effective the



We want to hear from you about your clients and how effective the U.S. Commercial Service is in addressing their needs.

Commercial Service Launches Market Segmentation Initiative (Continued)

U.S. Commercial Service is in addressing their needs. To this end, the team will be conducting focus groups of trade specialists in several CS networks. Additionally, we will interview all of the Network Directors and as many USEAC directors as possible. We will also be making arrangements to speak with OIO.

You can find out more about the Market Segmentation Initiative on Ourplace at <http://www.insider.ita.doc.gov/showcategory.asp?cid=383>. You can also contact Gary Rand at gary.rand@mail.doc.gov or Jennifer Kirsch at jennifer.kirsch@mail.doc.gov with your specific questions.

Market Segmentation Team Core, Non-Core, and Advisory Members

- | | |
|--|---|
| 1. Doug Barry
U.S. Commercial Service, TPP | 14. John Larsen
International Trade Administration |
| 2. Melanie Barton
Pacific Consulting Group | 15. Stephen Maroon
Export-Import Bank of the United States |
| 3. Phyllis Bradley
U.S. Commercial Service, OIO | 16. Rashida Petersen
U.S. Commercial Service, OSP |
| 4. John Breidenstine
U.S. Commercial Service, OIO | 17. Richard Preuss
U.S. Census Bureau |
| 5. Jennifer Bremer
Kenan/Pacific Consulting Group | 18. Gary Rand
U.S. Commercial Service, TPP |
| 6. Bill Burwell
U.S. Commercial Service, ODO-Baltimore | 19. Joe Ruland
U.S. Commercial Service, OIO |
| 7. Joseph Carter
U.S. Commercial Service, CRMU | 20. Richard Ryan
U.S. Commercial Service, OSP |
| 8. Tom Cooper
Pacific Consulting Group | 21. Rakesh Shalia
FedEx |
| 9. Bill Crawford
U.S. Commercial Service, OIO | 22. Mike Stone
NIST Manufacturing
Extension Partnership |
| 10. John Emens
Export-Import Bank of the United States | 23. Thomas Strauss
U.S. Commercial Service,
ODO-Southeast Hub Director |
| 11. Kath Giel
Pacific Consulting Group | 24. Joanne Vliet
U.S. Commercial Service,
ODO-San Jose |
| 12. Jennifer Kirsch
U.S. Commercial Service, TPP | 25. William Zarit
U.S. Commercial Service, OIO |
| 13. Pat Kirwan
International Trade Administration | |

Telling Our Story

Our cover person of the month is Rose-Marie Faria of CS France who is featured in a French franchise magazine. Rose-Marie and her franchise team colleagues do a great job for their clients, and the economic benefits of franchising are huge. U.S. franchisors increase their royalties; local entrepreneurs get a turnkey business, often dependent on U.S. products or technology; and local jobs are created. Through this press, CS gets new clients and higher brand awareness. Thanks, Rose-Marie, for Telling Our Story.



"Year of the FSN" Begins with Training Around the Globe

Client Value Centered Training Pilot Tested in Brazil

In Mogi das Cruzes, Brazil, the Office of Professional Development (OPD) conducted a pilot test of its new training called Client Value Centered Skills. Training participants included 44 Commercial Specialists and Commercial Assistants and eight Commercial Officers from the five CS locations within Brazil. This training is similar in scope to the Account Executive Training ODO field staff is currently receiving from OPD. In four to five weeks OPD will arrange a follow up Brazil network call to see how staff is implementing what they learned, what is working (or not working), and to identify areas of needed improvement for future trainings. OPD plans to offer similar FSN training to the other OIO regions later this year.

OPD Human Rights Training in Istanbul

OPD offered two training sessions on Human Rights, Rule of Law, and Corporate Stewardship to eight Commercial Officers, and 27 Commercial Specialists from the European and ANESA regions. This training was the first of FY07 and has the year off to a great start. This training will continue throughout the remainder of the year for both International and Domestic Operations.

Upcoming OPD Events:

Jan. 9-12, OIO Regional Directors and Deputy Directors Leadership Training, Warrenton, VA

Jan. 22-23, ODO Regional Directors Leadership Training, Atlanta, GA

Jan. 24-25, Senior FSN Leadership Training, Atlanta, GA

Jan. 25-26, CS Industry Team Leaders Leadership Training, Atlanta, GA

Update on the American Trading Centers In China

As mentioned in the DG cover letter, the Commercial Service has extended its presence in China through 14 American Trading Centers (ATCs, called the International Partner Network/IPN in China).

The ATCs were created through a partnership with the China Council for the Promotion of International Trade (CCPIT), whose mission is to promote the development of economic and trade relations between China and other countries and regions around the world. Through the ATCs, we are able to help U.S. companies tap into even more dynamic and large commercial centers in China.

To ensure effective cooperation between the Commercial Service and the CCPIT, we have brought in locally hired American Commercial Representatives (ACRs), whom are U.S. citizens operating from the five U.S. diplomatic missions.

Demand for ATC services is growing, and as of July 2006 the ATCs had provided 42 GKSs, seven IPSs and 12 SCPs. We expect the number of core services delivered to U.S. firms through the ATCs to rise significantly as companies follow up on their participation in trade events in China and more U.S. exporters become aware of ATC resources.

A year and a half after its launch, it is important to continue to promote this initiative. There are many benefits to this program and it is important to incorporate a seminar or webinar on this topic. Contact the China Business Information Center at chinabic@mail.doc.gov for materials to initiate a successful seminar on the opportunities in China.



Crack the Case: Test Your Customer Service Skills



Do you have a solution? You follow-up with your client after he has returned from his latest Gold Key to determine how the meetings went and discuss next steps. To your surprise the client is very unhappy with the meetings and begins to tell you that he/she is dissatisfied even though he/she had six meetings. The client believes that the companies were only meeting with him/her as a favor to the Commercial Specialist and had no real interest in his products or services. The client states that this was a waste of time and money.

It's now up to you. Please submit your solutions to CRMSuggestionbox@mail.doc.gov.

Check next month's DG Update for submitted solutions.



The IDB is a multilateral financial institution created to help accelerate the economic growth and social development of its 26 borrowing Latin American and Caribbean countries.

Advocacy Center Collaborating with Inter-American Development Bank

The Omnibus Trade Bill of 1988 mandated that the Department of Commerce allocate staff in the U.S. offices of the five multilateral development banks to assist American companies with commercial opportunities at these institutions. Since then, the U.S. Commercial Service Section has played an integral role in the U.S. Executive Director's Office at the Inter-American Development Bank (IDB). The U.S. Commercial Service's Advocacy Center manages the Department of Commerce representatives to the IDB.

The IDB is a multilateral financial institution created to help accelerate the economic growth and social development of its 26 borrowing Latin American and Caribbean countries. Twenty-one non-borrowing nations, including the United States, are also members of the IDB. Unlike the other development banks, the borrowing nations own the majority of the shares, and many of the IDB's activities are borrower-driven. The presence of IDB offices in each of the borrowing countries provides the institution with a distinct advantage in understanding its member countries and their challenges.

In 2005, the IDB approved more than \$7 billion in loans to the region. These funds generate hundreds of contracts for U.S. companies to provide a wide range of goods, equipment, services and expertise. Export opportunities for U.S. firms vary from a few thousand dollars to several million dollars. Through a series of business seminars, panel discussions and up-to-date electronic procurement notices, the Advocacy Center staff at the IDB is educating and informing U.S. companies of the procurement opportunities created by these public sector loans.

The Advocacy Center staff at the IDB looks forward to working with the CS team throughout the United States and in Latin America and the Caribbean. Please contact IADB staff directly with your comments or inquiries, Miguel Romano at miguelr@iadb.org or Barbara A. White at barbaraw@iadb.org.



Every company's customers can be divided into three categories: promoters, passives and detractors.

Commercial Service Adopts "Net Promoter Score"

In December 2007, CS will adopt the Net Promoter Score as a measure of our organization's customer focus and growth by launching a streamlined Comment Card to replace the existing Quality Assurance Surveys for all CS products/events. To view CS's new Comment Cards, please go to http://www.buyusa.gov/customerservice/comment_cards.html.

What is it?

There is one question that provides the best predictor of customer loyalty: How likely is it that you would recommend us? The "Net Promoter Score" or NPS, is simply the percentage of customers who are promoters minus the percentage of customers who are detractors. Comparable to a financial net worth that takes the assets minus the liabilities, NPS provides a customer net worth by subtracting the liabilities (detractors) from the assets (promoters).

Three Categories of Customers

NPS is based on the fundamental perspective that every company's customers can be divided into three categories. Customers can be categorized according to their answer to the would you recommend question based on a 0-to-10 point rating scale with "0" representing the extreme negative and "10" representing the extreme positive end.

Promoters (those who answer 9 or 10) are loyal enthusiasts who are highly likely to recommend the Commercial Service to friends and colleagues.

Passives (those who answer 7 or 8) are satisfied but not enthusiastic customers who are somewhat likely to recommend the Commercial Service.

Detractors (those who answer 0 through 6) are less than satisfied customers who are less likely to recommend the Commercial Service.

Promoters are usually less price-sensitive than other customers because they believe they are getting good value overall from the organization. Promoters increase their purchases more rapidly than detractors and their interest in new product offerings far exceeds that of detractors or passives. Customer acquisition costs are also lower for promoters, due to the longer duration of their relationships and to their role in generating referrals - between 80 to 90% of positive referrals come from promoters.

Detractors generally defect at higher rates than promoters, which means that they have shorter and less profitable relationships with an organization. Detractors are more price-sensitive than Promoters and complain more frequently, thereby consuming customer service resources. Detractors are responsible for 80 to 90% of negative word-of-mouth.

To learn more about the Net Promoter Score, go to <http://www.netpromoter.com/>



Direct Client Feedback Reflects Abundance of “Promoters”

An automated telephone survey was adopted by the Trade Information Center last August. The technology transfers callers to the survey immediately after speaking with a TIC trade specialist. It is a short survey of three questions, and then callers are given an opportunity to leave a comment in a voice mailbox.

The survey asks:

How would you rate your experience with us? 93 percent of the 776 callers surveyed indicated “top marks,” six percent “neutral,” and one percent “unsatisfactory.”

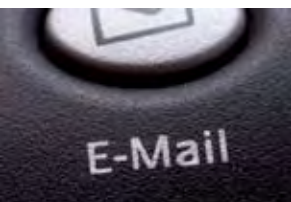
How would you rate the trade specialist you spoke with? 94 percent indicated “top marks,” and five percent “neutral.”

Would you recommend our service to others? 99 percent said “yes.”

These are encouraging results. TIC plans to vary the questions from time to time and perhaps ask for more specific feedback; for example “please tell us how we might improve our service,” instead of simply asking for general comments. One caller recently asked for a more interactive export.gov website and the request has been shared with our web team.

The most satisfying aspect of the automated survey is listening to the comments our callers leave. **Hear a sample of the comments our callers left. [Click here to listen!](#)**

The survey is intended for our external AND internal customers, so next time you call the TIC, share your experience with us.



November 2006 Above and Beyond Award Winner

Congratulations to Marta Haustein of CS Vienna, Austria on her selection as the “Above and Beyond” Employee of the Month. Marta is commended for her professional and responsive work on the Showcase Environment team, where she is “quick to support new initiatives and take on projects.” Recently, Marta’s quick response and active follow-up with Bioreaction through the Quicktake program was instrumental to the resulting Gold Key Service in Austria and subsequent export success.

Marta does not consider her actions extraordinary. She says: “I just give my honest best. I try to understand my clients, treat them with respect, and help them to extrapolate their business plans into a new environment as best I can.” One of the most important things we can learn from Marta’s commitment to customer service is her accessibility as a commercial specialist. She makes it a rule to consistently respond to emails within 24 hours.



U.S. manufacturing production has risen 49% and manufacturing wages have increased dramatically since NAFTA.

NAFTA Facts

U.S. two-way merchandise trade with its NAFTA-partners increased 170%, from \$293.2 billion in 1993 to \$789.5 billion in 2005. That's \$1.5 million a minute in merchandise traded every day (2005).

Income gains and tax cuts under NAFTA were valued at up to \$930 each year for the average U.S. household of four.

U.S. manufacturing production has risen 49% and manufacturing wages have increased dramatically since its implementation.

In order for U.S. companies to benefit from NAFTA and other U.S. FTAs, they must determine whether their products qualify for

preferential treatment (e.g., a lower duty rate). This determination is not always an easy or quick process and the requirements are unique to each FTA. Areas where companies often need assistance are in classifying the finished good (and manufacturing materials) with a Harmonized System (HS) number, interpreting the rules of origin component of each FTA, and generating the required documentation. The Commercial Service is strategically positioned to assist U.S. companies throughout this process. For additional information about NAFTA and the other U.S. FTAs, visit www.export.gov/fta.

For additional information about NAFTA and the other U.S. FTAs, visit www.export.gov/fta.

Balanced Scorecard News

Commercial Diplomacy is an important part of our work as a foreign affairs agency, but has not been well-documented in our existing performance measures. By capturing these efforts and showcasing our work, we will be able to broaden and deepen our stakeholders' understanding of the Commercial Service and our work to advance national economic interests. The initial Commercial Diplomacy pilot project encompassed 16 overseas Posts and the Northeast network. We are now expanding the pilot to include the Posts in all four OIO regions. David Fulton and the Office of Strategic Planning will provide documentation and reporting guidelines to RDs and SCOs as we continue the phased rollout of this important pilot initiative.

The Office of Strategic Planning is also launching an Innovation Incubator, led by Richard Ryan, that will enhance our ability to develop customized solutions and strengthen our culture of innovation and risk-taking. By championing and nurturing new ideas, the Innovation Incubator will ensure that our creative people have the opportunity to dream and to see their ideas flourish. We are looking for out-of-the-box thinking that will show-benefits across the organization, so if you are sitting on a great idea but don't know to get it implemented, contact Richard Ryan at richard.ryan@mail.doc.gov.



Export.gov - Successful Site Stats and How to Use the Site for Your Promotion

An ITA team, consisting primarily of CS trade specialists, led an initiative to redesign the export.gov website using specific feedback about what our U.S. exporting clients' want. The new site was launched in February of 2006, and based on the increasing visits to the site, the redesign appears to be a success.

Web Statistics

In FY06, export.gov received 4.45 million visits. Market research is the most popular page after the homepage with export.gov/china and export.gov/iraq following close behind. In July, August and September, the number of visits has steadily increased and in the month of September, the site averaged 100,000 visitors per week.

Promoting the Commercial Service on Export.gov

Throughout export.gov, you will find information about all CS products and services. To make it easier for you to use the product descriptions on export.gov, we've made sure that the URLs are easy to remember.

"What's New" and "Success Stories"

The CS Marketing and Communications office updates the export.gov homepage on a weekly basis (at minimum). If you have an

event that you would like to promote in the What's New section, please send the title of the event and a link to where its promoted on your local site to Lauree Valverde. PDFs of event flyers work too, but links are better. Success stories are also updated weekly. We need a photo and a narrative that is cleared for public use. We're always looking for new stories so yours are welcome! Lauree is also the point of contact for success stories. Contact her at lauree.valverde@mail.doc.gov.

Industry Pages

Visitors to export.gov industry pages will see the latest trade leads and trade events in the respective industry. Market research will soon be featured in the same way, but visitors must still register to see the entire lead and market research report. They will only see the title on the industry pages. These industry pages are updated automatically from emenu and the market research library. This means that as soon as your enter a new lead, event or market research report, its title will appear on export.gov. This is a great way to get more publicity for your information. If you have any questions about export.gov, please direct all questions to Lauree Valverde in the Marketing and Communications office.



Gold Key

www.export.gov/goldkey

International Partner Search

www.export.gov/ips

International Company Profile

www.export.gov/icp

International Buyer Program

www.export.gov/ibp

Trade Fair Certification

www.export.gov/tfc

Platinum Key

www.export.gov/platinumkey

Catalog Shows

www.export.gov/catalogshows

Virtual Trade Missions

www.export.gov/virtualtrademissions



Health Tip:
Reduce Salt
in Your Diet
According
to the
American
Heart
Association,
we should
aim for less
than 2,300
milligrams
of sodium
a day -- the
equivalent
of about
1 teaspoon
of salt.

CS Personnel Receive Recognition

On November 8, Secretary Gutierrez honored the following individuals with Gold or Silver Medals, the highest awards given by the Department.

Gold Medal for Heroism (Group)

Firas Muhammed and **Dahir Al-Nader** – CS Baghdad, Iraq, for exhibiting valor on a daily basis in the face of grave, personal risk to help establish and operate the Commercial Service within the new U.S. Embassy in Baghdad, thereby serving the Iraqi and American people.

Silver Medal for Personal and Professional Excellence

(Joint Organizational Award)

ITA CAFTA-DR Team - CS OIO/WH, MAC/Office of Latin America and the Caribbean, and MAS/Industry Analysis, for vision, leadership, and creativity in the passage of the United States-Central-American-Dominican Republic Free Trade Agreement.

Silver Medal for Leadership

Donald C. van de Werken – CS New Orleans, for outstanding service to Louisiana exporters, the Louisiana international trade community and the Department of Commerce in the wake of Hurricane Katrina.

ITA 3rd Quarter Quarterly Star Award Winners:

Mary Masyuko – CS Nairobi, for stellar professional support of ITA Commercial Diplomacy goals, single-handedly preventing the collapse of a \$214,000 U. S. Trade & Development Agency grant.

Berrin Erturk - CS Izmir, for exceptional performance in support of Ambassador Ross Wilson's visit to Izmir, Turkey.

Partner Recognition

Dr. Abdul Shaikh, Senior Economist for the Trade Information Center, was recognized by the Indo-American Chamber of Commerce of Greater Houston for his expertise in doing business with India.

The entire CS Ohio staff won the state of Ohio's Governor's E- Award for Excellence in Exporting: Toledo, OH - Robert Abrahams; Cleveland, OH - Susan Whitney, Ricardo Pelaez, Michelene Shamatta, Douglas Kirk; Columbus, OH - Roberta Ford, Jo Daugherty; and Cincinnati, OH - Marcia Brandstadt, Deborah Dirr, Kara Sweeny, Penny Toschlog.

State Department Recognition

Deborah A. Semb was presented with the State Department's Certificate of Appreciation to Global Trade Programs for her contribution to strengthening U.S.-Japan commercial relationships through her support of the International Visitor Leadership Program.